

Guide to Buying a Home and Investing in Portugal

EVERYTHING YOU NEED TO
KNOW ABOUT HOME LOANS

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of our *time*®



everything you need to know
about home loans

GUIDE TO BUYING A HOME AND INVESTING IN PORTUGAL

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1. Why Live and Invest in Portugal?

Portugal has emerged as a top destination for those seeking a fresh start or lucrative investment opportunities. With its exceptional quality of life, safety, stunning landscapes, and a welcoming environment, the country offers a unique blend of lifestyle and financial potential.

For American investors, Portugal stands out as an excellent choice to expand real estate portfolios internationally, thanks to its accessible market, favorable policies, and strong rental demand.

Here's why Portugal should be on your radar:



1.1. Pleasant Climate and High Quality of Life

Portugal is famous for its mild climate, featuring warm winters and long, sunny summers, particularly in the southern regions. This weather is ideal for an outdoor lifestyle, providing year-round opportunities to enjoy beaches, parks, and nature. The laid-back atmosphere, paired with a high standard of living, continues to draw people from across the globe to settle in the country.

1.2. Affordable and Promising Real Estate Market

Portugal is famous for its mild climate, featuring warm winters and long, sunny summers, particularly in the southern regions. This weather is ideal for an outdoor lifestyle, providing year-round opportunities to enjoy beaches, parks, and nature. The laid-back atmosphere, paired with a high standard of living, continues to draw people from across the globe to settle in the country.

1.3. Strong Rental Market

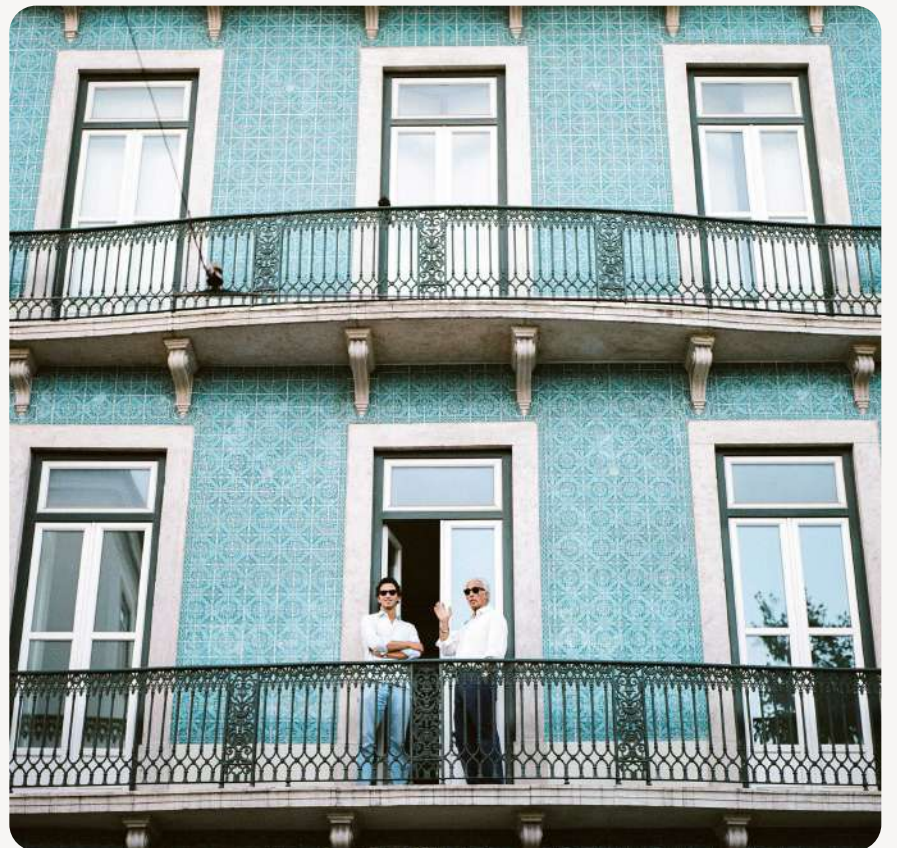
Portugal's thriving tourism industry ensures consistent demand for short-term rentals in hotspots like Lisbon, Porto, and the Algarve. Additionally, the rise of digital nomads and expatriates has strengthened the long-term rental market, providing property owners with steady and diverse income streams.

1.4. Tax Advantages

Portugal offers several tax benefits for foreign investors, such as the Non-Habitual Resident (NHR) program. This program allows eligible Americans to enjoy reduced taxes on certain types of income, including pensions and dividends, for up to 10 years. Additionally, property taxes are favorable, making investment in Portugal even more appealing. We will explain more about this below.

1.5. Currency Exchange Advantage

The Euro-to-Dollar exchange rate often benefits American investors, as a stronger dollar increases purchasing power. This makes it an opportune time to acquire property in Portugal.



1.6. Safety and a Peaceful Environment

Portugal is one of the world's safest countries, with low crime rates and a culture of peace and respect. This makes it an ideal destination for families or anyone seeking a serene lifestyle. The country's stability also creates a welcoming environment for integration, fostering new friendships and support networks.

1.7. Warm Hospitality and Easy Integration

The Portuguese are renowned for their hospitality and friendliness, making foreigners feel at home. While learning Portuguese can be a challenge, many locals speak English, especially in larger cities and tourist areas, easing the transition for newcomers.

1.8. Rich Culture and Heritage

Portugal’s vibrant cultural heritage offers endless experiences, from Lisbon’s historic landmarks to Porto’s wine cellars and the Algarve’s stunning beaches. The country’s world-renowned gastronomy, featuring dishes like bacalhau (salt cod), cured meats, and exceptional wines, adds flavor and authenticity to daily life.

✨ The Perfect Place to Start Anew ✨

With its welcoming environment, accessible real estate market, safety, and vibrant culture, Portugal is the perfect destination for living and investing. Whether you’re looking for bustling city life or peaceful coastal retreats, the country has something to offer for every lifestyle.

A unique blend of lifestyle and financial potential.



EXCEPTIONAL
QUALITY OF
LIFE



STUNNING
LANDSCAPES



WELCOMING
ENVIRONMENT



AFFORDABLE
REAL ESTATE
MARKET

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2. Exclusive Tax Benefits for Non-Habitual Residents

The Non-Habitual Resident (NHR) tax regime in Portugal offers significant advantages, making the country an attractive destination for qualified

professionals, retirees, and high-income individuals. Established in 2009, the regime aimed to attract talent, investment, and knowledge to Portugal.

Although this regime has been revoked as of January 1, 2024, applications for enrollment and access to its tax benefits can still be submitted until March 31, 2025. However, to qualify, individuals must become residents in Portugal by December 31, 2024, and apply through the appropriate feature on the Tax Authority Portal, declaring that they meet the legally established requirements to be considered NHR.

Here are the key tax advantages associated with the NHR regime:

REDUCED TAX RATE ON EMPLOYMENT AND PROFESSIONAL INCOME

Flat 20% tax rate: Qualified professionals in high-value-added fields, such as engineers, doctors, architects, and consultants, can benefit from a flat 20% Personal Income Tax (IRS) rate, instead of progressive rates that go up to 48%.

Validity: This benefit applies for 10 consecutive years, provided the NHR status is maintained.

TAX EXEMPTION ON FOREIGN INCOME

Income earned abroad, such as wages, pensions, investments, interest, dividends, or royalties, may be exempt from IRS in Portugal, provided that:

1. The income originates from a country with a double taxation agreement with Portugal, or it is taxed in the source country;
2. The income is taxable in the other country but is not subject to effective taxation in Portugal.

BENEFITS FOR FOREIGN PENSIONERS

10% flat tax rate: Pensions earned abroad are taxed at a fixed rate of 10% (applicable after 2020, replacing the previous full exemption).

Scope: This benefit applies to private retirement income but does not include public pensions, which are taxed in the country of origin.



ACCESS TO A COMPETITIVE TAX FRAMEWORK

Passive income (e.g., interest, dividends, or royalties) earned abroad can be exempt from IRS in Portugal if taxed at the source, creating scenarios of double non-taxation.

SIMPLIFIED AND TRANSPARENT PROCESS

The NHR status is easy to obtain for individuals who:

1. Have not been fiscal residents in Portugal for the last five years;
2. Live in Portugal for more than 183 days annually or maintain a habitual residence in the country.

EFFICIENT TAX PLANNING

The NHR regime enables advantageous tax planning, particularly for expatriates, retirees, and highly skilled professionals looking to maximize their net income.

COMPETITIVE EDGE OVER OTHER EUROPEAN COUNTRIES

When combined with Portugal's high quality of life, safety, mild climate, and relatively low cost of living, the NHR regime makes Portugal a top choice for foreigners seeking to establish residence in Europe.



3. Comparing Options for Foreign Residents and Non-Residents

As a foreigner, you can apply for a mortgage to purchase a property in Portugal. However, the terms and conditions will depend on specific factors such as your country of origin, type of residency in Portugal, employment status, and other variables.

The conditions also vary based on whether you are a resident or non-resident in Portugal:

3.1 Resident in Portugal:

If you are a foreigner residing in Portugal (holding a Residence Permit), the terms are typically similar to those offered to Portuguese citizens.

This means you can benefit from competitive interest rates and longer repayment terms, particularly if you have a stable employment contract.

3.2 Non-Resident in Portugal:

If you are not a resident, the process may be more complex, and the conditions might be stricter. Many banks may require a higher down payment and apply higher interest rates due to the perceived increased risk.

4. What Conditions Can Banks Offer?

4.1. Down Payment

For non-resident foreigners in Portugal, the required down payment is generally higher. Unlike the usual 10% to 20% for residents, banks may require non-residents to provide a down payment of 30% to 40% of the property’s value (whichever is lower between the purchase price and the valuation).

For foreign residents in Portugal, the conditions are similar to those for Portuguese citizens, with a down payment ranging from approximately 10% to 20%, depending on the bank and the applicant’s financial capacity.

Non-resident
foreigners in
Portugal:

→

30% to 40%
of the
property’s value

Resident
foreigners in
Portugal:

→

10% to 20%
of the
property’s value



4.2. Interest Rates

Interest rates offered may vary based on your financial profile:

- **For non-resident foreigners:** Interest rates are often higher due to the increased risk associated with living abroad. However, a strong financial profile can help you negotiate better terms.
- **For resident foreigners:** Interest rates may align with those offered to Portuguese citizens, including variable rates (linked to Euribor), fixed rates, or mixed options.

Non-resident
foreigners in
Portugal:

→

Higher
interest
rates

Resident
foreigners in
Portugal:

→

Rates similar
to those for
Portuguese
citizens

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5. What Do Banks Analyze for Approval?

To approve your mortgage as a foreigner, banks assess your financial stability and employment situation.

They evaluate your income, financial stability, and capacity. If you're a resident in Portugal with a work contract, the likelihood of approval increases.

If you are self-employed or have a temporary work contract, banks may impose stricter conditions or require additional guarantees.

Additionally, banks review your credit history, both in Portugal and, where possible, in your home country. A clean credit history without delays or defaults will improve your chances of approval. If you lack credit history in Portugal, the bank may apply a higher interest rate or require further guarantees.



KNOW A
FRIEND
OR FAMILY
MEMBER
WHO MIGHT
BENEFIT
FROM THIS
EBOOK?

Share it! →

5.1. Additional Guarantees

If your financial situation is less stable, based on the bank’s risk assessment, you can present additional guarantees to secure your mortgage approval.

Banks may require:

- **A guarantor:** Someone who ensures payment if you default on the mortgage.
- **Additional collateral:** Such as assets in your home country.

6. Essential Documentation for Your Mortgage Application

Foreigners applying for a mortgage in Portugal typically need to provide the following documents:

DOCUMENTS	
<input type="checkbox"/> Identification documents	Identification documents: Passport and Portuguese Tax Identification Number (NIF).
<input type="checkbox"/> Proof of income and expenses	Proof of income and expenses: Latest income tax return, last three pay slips or other proof of income, company balance sheet and latest tax return for self-employed applicants, proof of annual pension for retirees, six months of bank statements, and proof of semiannual payments for other loans.
<input type="checkbox"/> Credit history from the country of income	Credit history: From the income source country.
<input type="checkbox"/> Tax Return or "Avis D’impôt"	Tax Return or "Avis D’impôt": From the current country of residence.

Obtaining a Tax Identification Number (NIF):

Foreign clients must obtain a NIF to apply for a mortgage in Portugal. This number identifies the individual before Portuguese government and tax authorities.

- **Non-residents:** Must appoint a fiscal representative in Portugal to obtain the NIF and proceed with the property purchase.
- **Residents:** Can request the NIF at the Tax Authority by presenting proof of residence, a passport, or another identification document.

***Note:** You may need to have documents translated for the credit viability study. Translation costs are typically borne by the client, though some banks may waive this service fee.*

Non-resident → Request via legal representative

Resident → Request at the Tax Authority

**ALREADY
HAVE ALL THE
INFORMATION
YOU NEED?
SAVE TIME!**

Simulate now! →

7. Mandatory Life and Multirisk Insurance: What You Need to Know

Like Portuguese citizens, foreigners must also take out life insurance and multirisk insurance when applying for a mortgage in Portugal.

The purpose is to protect banks in cases where the borrower cannot meet payment obligations due to death or disability, or if the property suffers damages.

FIND THE PERFECT MORTGAGE LOAN

Simulate now! →

8. How Can Poupança no Minuto Help You Find the Best Loan?

Navigating the process of securing a mortgage as a foreigner can be complex, involving various bureaucratic steps. That's why having the right support is essential to ensure a smooth and transparent experience.

With Poupança no Minuto by your side, you'll benefit from:

💡 **TAILORED SOLUTIONS**

We understand your goals and financial needs, guiding you toward the mortgage proposal that best fits your unique situation. Partnering with 18 banks, we have access to a wide range of options, allowing us to find the most competitive offers available in the market. With our expertise, you can rest assured that your solution is customized to match your objectives seamlessly.

💛 **FROM START TO KEYS: YOUR JOURNEY SIMPLIFIED**

We're by your side throughout the entire process—from finding the best solution to handing over the keys. Our team takes care of everything,

ensuring you don't have to worry about a thing. Save time, save money, and secure the mortgage of your dreams with complete peace of mind.

🏠 100% FREE SERVICE FOR YOU

Our assistance comes at no cost to you! Poupança no Minuto earns its revenue through partnerships with banks, which means we're here to provide impartial advice and secure the best mortgage solution tailored to your needs—without any fees or hidden charges.

Start your journey today by simulating your mortgage — whether you're looking to find your dream home or make a smart investment, Portugal awaits you!

DISCOVER YOUR DREAM HOME LOAN

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